

Message Text

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ORIGIN ARA-14

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TAGS: PGOV, SHUM, EFIN, CI

SUBJECT: U.S. BANK LOANS TO CHILE

REFERENCE: STEVEN-BOYATT TELCON, 4/13

1. THE IPS (LETELIER-MOFFITT) REPORT ON LOANS BY AMERICAN BANKS TO CHILE (POUCHED TO POST 4-12) HAS BEEN FOLLOWED UP BY CONGRESSMEN REUSS AND HARKIN AS THE FOLLOWING QUOTATIONS INDICATE.

2. ON 4/13 THE WASHINGTON POST CONTAINED AN UNSIGNED ARTICLE WITH THE HEADLINE "REUSS: RIGHTS POLICY NOT HELPED BY LOANS TO CHILE FROM BANK." THE INITIAL PARAGRAPHS ARE:

THE CHAIRMAN OF THE HOUSE BANKING COMMITTEE TOLD SIX MAJOR BANKS YESTERDAY THAT LARGE LOANS THEY REPORTEDLY MADE TO THE MILITARY DICTATORSHIP IN CHILE "ARE NOT HELPFUL" TO U.S. HUMAN RIGHTS POLICY.

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REP. HENRY S. REUSS (D-WIS.) SENT TELEGRAMS TO THE BANKS NOTING THAT THEIR ACTIONS "APPEAR INCONSISTENT" WITH STANDARDS INTENDED TO PREVENT BANKING PRACTICES FROM INTERFERING WITH THE PUBLIC INTEREST. HE CONCLUDED: "I HOPE YOU WILL GIVE THE AMERICAN PEOPLE A FULL EXPLANATION."

3. ON 4-12 THE WASHINGTON STAR CARRIED AN ARTICLE BY JEREMIAH O'LEARY: "U.S. BANKS ASSAILED FOR LOANS TO CHILE." HIS ARTICLE CONTAINS THE FOLLOWING PARAGRAPH:

MOFFITT AND LETELIER DIRECTED AN IPS STUDY THAT CASTS SERIOUS DOUBT ON A RECENT STATEMENT BY PRESIDENT CARTER THAT THERE WAS NO CONFLICT BETWEEN THE LENDING PRACTICES OF PRIVATE BANKS AND U.S. HUMAN RIGHTS INITIATIVES. THE TWO DIRECTORS WERE JOINED BY REP. TOM HARKIN, D-IOWA, WHO SAID HE PLANNED TO INTRODUCE A BILL FOR FULL BANK DISCLOSURE OF ALL LOANS TO COUNTRIES WHERE FOREIGN AID HAS BEEN CUT OFF FOR HUMAN RIGHTS REASONS.

4. THE PRESIDENT'S STATEMENT WAS MADE DURING A PRESS CONFERENCE IN BRAZILIA ON MARCH 30. AN EXCERPT FOLLOWS:

THE PRESIDENT:...IT WOULD BE INCONCEIVABLE TO ME THAT ANY ACT OF CONGRESS WOULD TRY TO RESTRICT THE LENDING OF MONEY BY AMERICAN PRIVATE BANKS TO BRAZIL UNDER ANY CIRCUMSTANCE.

THIS WOULD VIOLATE THE PRINCIPLES OF OUR OWN FREE ENTERPRISE SYSTEM AND IF SUCH AN ACT WAS PASSED BY CONGRESS, I WOULD NOT APPROVE IT.

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PRIVATE ENTERPRISE AND THE PRIVATE SYSTEM OR THE HUMAN RIGHTS POLICY?

THE PRESIDENT: THEY ARE BOTH IMPORTANT TO US. AND I DON'T SEE ANY INCOMPATIBILITY BETWEEN A BELIEF IN A FREE ENTERPRISE SYSTEM WHERE GOVERNMENT DOES NOT DOMINATE THE BANKS OR THE PRODUCTION OF AGRICULTURAL PRODUCTS OR COMMERCIAL PRODUCTS ON THE ONE HAND AND A DEEP AND CONSISTENT AND PERMANENT AND STRONG BELIEF IN ENHANCING HUMAN RIGHTS AROUND THE WORLD.

I MIGHT SAY THAT THE AMERICAN BUSINESS COMMUNITY, THE CONGRESS OF THE UNITED STATES, THE GENERAL POPULACE OF THE UNITED STATES SUPPORTS COMPLETELY A COMMITMENT OF OUR NATION TO HUMAN RIGHTS. IT IS A BASIC ELEMENT OF OUR NATIONAL CONSCIOUSNESS THAT IS NOT A VIOLATION AT ALL OR NO CONFLICT BETWEEN HUMAN RIGHTS ON THE ONE HAND AND THE FREE ENTERPRISE SYSTEM ON THE OTHER. CHRISTOPHER

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